

**North Carolina HIE  
Board of Directors Meeting  
Meeting Notes  
February 17, 2011**

The North Carolina Health Information Exchange (NCHIE)'s Board meeting convened at 12:00 p.m. at Thursday, February 17, 2011. The meeting was held via teleconference only. Members of the public were invited to dial-in to the conference line.

<b>Meeting Attendees – Advisory Board Members</b>	
<b>Name</b>	<b>Organization</b>
Cansler, Lanier (Secretary) – <i>Co-Chair</i>	NC Department of Health and Human Services
Bridges, Thomas “Tom”	Henderson County Health Department
Callaway, Hadley, M.D.	NC Medical Society
Civello, Anthony	Kerr Drugs
Cykert, Sam, M.D.	Area Health Education Centers/REC
Dobson, Allen, M.D.	Community Care of NC
Fralick, Jerry – <i>Ex-Officio</i>	NC Chief Information Officer
Gray, Craigan – <i>Ex-Officio</i>	NC Medicaid
Kitzmilller, Rebecca “Becky”	NC Nurses Association
Money, Benjamin	NC Community Health Center Association
Newton, Warren, M.D.	NC Healthcare Quality Alliance
Richter, John	Larsen Allen LLP
Roper, Bill, M.D.	UNC / NQF
Saunders, George, M.D.	North Carolina Medical Board
Spicer, Sam, M.D.	New Hanover RMC/NCHICA
Stein, Josh (Senator)	NC State Senator
Tayloe, Dave	American Academy of Pediatricians
<b>Staff</b>	
Alan Hirsch	NCHIE
Anita Massey	NCHIE
Fred Goldwater	NCHIE
Sandra Ellis	NCHIE
Lammot du Pont	Manatt Health Solutions
Brenda Pawlak	Manatt Health Solutions
Bill Bernstein	Manatt Health Solutions
<b>Members of the Public</b>	
J.P. Kichak ( <i>Co-Chair of Tech WG</i> )	UNC
Bacon, Tom ( <i>Co-Chair of Governance WG</i> )	NC AHEC
Maureen O’Connor ( <i>Co-Chair of Finance WG</i> )	NC BCBS
Walker Wilson ( <i>Representative for Dr. Steve Cline</i> )	NC DHHS-HIT
Melanie Phelps	NC Medical Society

## Items of Business

- Welcome, Roll Call, Approval of Minutes from January 20 Board Meeting
- CEO Report
- Progress and Next Steps for:
  - Governance
  - Legal and Policy
  - Clinical Operations and Technical
  - Financing
- Open Public Comment and Closing Comments

## Welcome, Roll Call and Approval of Minutes

Secretary Lanier Cansler, Co-Chair of the NC HIE Board, welcomed meeting attendees and reviewed the meeting agenda. A motion was made to approve the minutes from the Board's January 20 meeting; the motion was seconded. The meeting minutes from the Board's January meeting were approved.

Secretary Cansler then turned the floor over to Mr. Hirsch for his CEO Report.

## CEO Report

Mr. Hirsch began his CEO Report to the Board by updating the group on the effort to transition "State-Designated Entity" status from the North Carolina Health & Wellness Trust Fund (HWTF) to the NC HIE. As discussed at the Board's last meeting, federal requirements for State HIE Cooperative Agreement funding require that each state designate an entity within the state to act as a conduit for federal funds and to oversee the building of the HIE. While NC HWTF initially served as the SDE, the Governor issued an executive order that transitions the designation to the NC HIE. Mr. Hirsch stated that the state's request to ONC to make the NC HIE the SDE has been moving much more slowly than expected, but that final approval is expected in the near-term pending approval of one budget item (payment to the NC HIE's hired CPA). Once the request has been approved, NC HIE will be able to draw down federal funds and make payments to any outstanding accounts.

Mr. Hirsch next announced that the NC HIE has issued an RFP for a communications firm to assist the organization in developing communication materials. Mr. Hirsch asked for Board approval for NC HIE staff to review responses submitted before making a recommendation to the Executive Committee regarding choice of a communications firm, and to have the Executive Committee make the decision on choice of firm. The Board approved the request with no objections.

Mr. Hirsch then provided the group with an update on the Executive Search process. He reported that Korn Ferry has narrowed the list of CEO candidates down to six out of the 250 who were identified early-on as potential candidates. The Executive Committee interviewed three of those candidates this week and plans to interview the remaining three candidates next week with the intention of holding final interviews with two final candidates on February 28. Mr. Hirsch asked Board members for feedback on how the process for final selection should proceed. Sam Cykert and Rebecca Kitzmiller stated that they had thought that Board members would be involved in the selection process and expressed interest in contributing to the process. Mr. Hirsch responded that the NC HIE had been moving forward with the Executive Committee due to the difficulty of finding a time that would work for all Board members to attend interviews; however, Mr. Hirsch and Secretary Cansler emphasized that Board members' input was very welcome and that it was up to the Board to decide how to proceed. Senator Josh Stein suggested scheduling interviews and then extending an invitation to all Board members to attend if available and interested. Secretary Cansler suggested allowing the Executive Committee to narrow the candidate list down to two final candidates and then inviting interested Board members to attend the final round of interviews. Board members approved of this approach with no objections.

Mr. Hirsch next informed the Board that Gloria Frelix, an Executive Committee member, has been unable to serve on the Committee due to ongoing health issues and has requested that George Saunders temporarily fill her position on the Executive Committee until she is ready to return. Mr. Hirsch stated that Mr. Saunders has agreed to serve if approved and that the Executive Committee recommends having Mr. Saunders fill in for Ms. Frelix. Secretary Cansler asked whether members had comments. Hadley Callaway stated strong support for Mr. Saunders's joining the Executive Committee, particularly due to his having been past president of the NC Medical Board; Ms. Kitzmiller and Warren Newton echoed their support. The Board approved of Mr. Saunders joining the Executive Committee in Ms. Frelix's absence with no objections.

Mr. Hirsch then asked Secretary Cansler to brief the Board regarding changes to the chairpersonship of the Legal/Policy Workgroup. Secretary Cansler informed the group that Representative Thom Tillis, current Co-Chair of the Legal/Policy Workgroup, has expressed interest as continuing to serve as Board member but is concerned that his new responsibilities as Speaker will prevent him from continuing to serve as co-chair of the Legal/Policy Workgroup. Rep. Tillis has suggested that Representative Jeff Barnhart, who has health industry expertise, assume the Co-Chair position. Senator Stein stated that Rep. Barnhart would make a great addition to the Legal/Policy Workgroup and that he was very pleased that Rep. Tillis plans to continue to serve on the Board, and expressed his strong support for the transition. The Board approved Rep. Barnhart becoming the new co-chair of the Legal/Policy Workgroup with no objections.

Mr. Hirsch next reminded the Board that they had approved contracting with the Raleigh-based law firm Poyner Spruill, LLP to draft the NC HIE's bylaws and emphasized that the bylaws received by the Board for their review in advance of the meeting are in draft form only. Mr.

Hirsch asked Board members to review the bylaws and send comments to NC HIE staff so that they can be revised accordingly before being finalized for a future Board vote. Mr. Hirsch then asked Mr. Wilson Hayman from Poyner Spruill to provide details to the group on the draft bylaws. Mr. Hayman stated that the bylaws were based on the principles developed by the Governance Workgroup and endorsed by the Board during last summer's work, as well as sample bylaws from other health information exchange organizations. Mr. Hayman also stated that most of the information in the bylaws was standard to these types of documents, but that members may want to review to ensure that they have input before a future vote is taken on adopting the bylaws. Mr. Hirsch reiterated that members should send comments to NC HIE Project Manager, Anita Massey.

Finally, Mr. Hirsch discussed with the Board a request from North Carolina's Beacon Community to have the NC HIE Technical/Clinical Operations Workgroup serve as an advisor to their ongoing efforts. Mr. Cykert asked for additional details on what form this advisor role would take and whether this would require additional meetings on the part of the Workgroup. Mr. Allen Dobson responded that the Beacon Community project staff would likely request that a small group of Technical Workgroup members form a subcommittee that may be able to answer questions that arise. Mr. Cykert responded that he supports the request but would be hesitant to obligate others to serve in that capacity without understanding the extent of the commitment. Mr. Hirsch stated that the NC HIE would keep that in mind and proceed carefully in that regard. The Board approved the Beacon Community request with no objections.

Mr. Hirsch then turned the floor back to Secretary Cansler, who asked Senator Stein to begin the workgroup updates by describing the Legal/Policy Workgroup's ongoing efforts.

### **Progress and Next Steps for Workgroups**

#### *Legal/Policy Workgroup*

Senator Stein provided an update on the status of legislation that has been developed through the Legal/Policy Workgroup to facilitate an opt-out consent model (i.e., NC HIE-specific legislation) and the second to harmonize various state laws related to medical records. Senator Stein reported that the first bill was sent around to all Board member for their review and comment, and encouraged members to review the legislation (or have attorneys at their organization) review the bill to be able to raise any issues of concern.

Mr. Callaway stated that the NC Medical Society was interested in requesting that the Board acknowledge in official meeting minutes that the definition of opt-out within the legislative language does not require provider-level opt-out and allows the Board flexibility in developing specific opt-out policies.

Senator Stein responded that a provider-level opt-out policy was the result of the workgroup's deliberations during the summer of last year, and that while a significant minority of workgroup

members expressed concern about the provider level opt-out during workgroup deliberations, the group had ultimately voted to recommend to the Board that it pursue a provider-level opt-out process. Consequently, the Board endorsed the Workgroup's recommendation and a provider-level opt-out had been included in the NC HIE Operational Plan that was submitted to ONC in August 2010. However, since that time, a number of Board members and stakeholders have expressed concern with this approach. Accordingly, the legislation has been carefully drafted so that a provider-level opt-out option is not required by the legislative text, allowing the Board to revisit the decision if it so chooses – either to do away with the provider-level opt-out option, or conversely, to allow for an even more granular level of opt-out should technology allow for it.

Mr. Saunders stated that the Board had in past meetings acknowledged an interest in ensuring that providers are not overburdened by opt-out requirements (in the event that technology does not have the capacity to automate requirements) and had agreed that whatever solution is developed should be handled at the HIE-level rather than the provider-level. Mr. Callaway added that there was also concern on the part of the NC Medical Society about inadvertent “downstream” disclosures of information for which a patient had opted out of disclosing.

Senator Stein responded that these granular issues regarding the “mechanics” of the opt-out process would be addressed in the detailed policies/procedures currently being developed by the Workgroup, and referenced Slide 13 to give an idea of the types of policies that will be developed (*see slide deck for additional details*). Secretary Cansler asked Senator Stein for confirmation that Slide 13 represents the policies that will need to be defined and developed in future work and that the legislation affords the Board the flexibility to make decisions on the specifics of these policies. Senator Stein confirmed this statement, and stated that legislative staff had reviewed the draft legislation to ensure that its language did not require provider-level opt out and had concluded that the wording did not require it.

Mr. Hirsch asked representatives of the NC Medical Society to confirm that they were supportive of moving forward with the legislation based on the Board having acknowledged (and meeting minutes reflecting) that the Board's intention is not to require provider-level opt out, or otherwise specify how opt out will be operationalized, in the legislation, but that instead these specifics will be decided later through the development of policies and procedures. Melanie Phelps of the NC Medical Society affirmed this position.

Secretary Cansler then asked for a motion to grant the Board's approval to direct Senator Stein to move forward with introducing the legislation in the General Assembly (while acknowledging that the specifics of the opt-out process will be addressed via NC HIE policy, not the legislation itself). A motion was made and seconded; the Board approved the motion with no objections.

*Governance Workgroup*

Mr. Tom Bacon, Co-Chair of the Governance Workgroup, reviewed the recent work of the Workgroup related to developing definitions and selection criteria for Qualified Organizations (QOs), and noted that the Executive Committee had recommended (based on Workgroup discussion) that NC HIE reach out to organizations that may be planning to serve as QOs to determine how their needs can best be met (*see slide deck for additional details*).

Mr. Callaway remarked on the importance of ensuring that NC HIE reach out to all organizations in the state that may be interested in becoming QOs – not just the “obvious” candidates. Mr. Ben Money (Governance Workgroup Co-Chair) and Mr. Bacon asked the Board for input on the best way to cast the broadest net possible for QO candidates. Mr. Tom Bridges suggested potentially using AHECs to spread the word about the QO designation opportunity. Mr. Money also suggested potentially using the NCHICA distribution list to get the word out to organizations about the QO approach and benefits/responsibilities of becoming a QO. Mr. Sam Spicer stated that he would be willing to discuss this possibility with NCHICA.

Mr. Bacon asked whether any Board members had questions or comments; members did not have any comments or questions related to the Governance Workgroup update.

*Technical/Clinical Operations Workgroup*

JP Kichak, Co-Chair of the Technical Workgroup, reviewed the tasks and timeline of the Technical Workgroup and described the planned process for drafting and issuing an RFP for statewide HIE technical services (*see slide deck for additional details*).

Mr. Newton asked whether the state’s Regional Extension Center planned to account for connectivity to the statewide network when recommending EHR products to providers in the state. Mr. Cykert responded that the REC does not plan to create a list of preferred vendors, but that the REC does plan to advise providers that the ability to interface with the NC HIE should be a component of any contract with an EHR vendor.

Mr. Hirsch then turned the group’s attention to Slide 17 (*see slide deck for additional details*) and noted that the Technical Workgroup had at their last meeting unanimously voted to 1) build all of the core and value-added services identified as desirable through the workgroup process and 2) to be flexible within the RFP process to allow for new knowledge of what is available in the market. Further, the group also reaffirmed a commitment to transparency and openness in the RFP process and, to this end, had decided to create an opportunity whereby stakeholders could submit comments about what they view as critical to include in the RFP.

Mr. Jerry Fralick expressed his support for flexibility in the RFP process and offered assistance from the IT procurement staff within his office. Mr. Hirsch responded that the NC HIE would be happy to receive any assistance they were willing to provide.

Mr. Kichak closed the discussion by asking whether Board members had questions or comments; members did not have additional comments related to the Technical Workgroup update.

*Finance Workgroup/Financing Strategy*

Maureen O'Connor, Co-Chair of the Finance Workgroup, updated the Board regarding the Finance Workgroup's ongoing work and next steps to develop an upfront financing strategy and sustainability approach (*see slide deck for additional details*). Ms. O'Connor emphasized that the financing strategy would be greatly informed by the RFP process, particularly with regard to developing a better understanding of the costs associated with building the system that the Technical Workgroup envisions. Dr. Tayloe added that the Workgroup was aware of concern from hospitals who have not yet gone electronic that costs to their organization will include purchase of EHR systems as well as connectivity to the statewide HIE, so that the Workgroup is working to keep technology adoption costs separate from HIE costs in its analysis.

Secretary Cansler added that ongoing state budget deliberations seem to be moving in a direction where there will not be across-the-board rate reductions to providers, so that hopefully this will somewhat mitigate providers' anxiety about the future fiscal climate.

Mr. Callaway suggested that the Workgroup think through operating costs beyond the 5 years that are currently under consideration.

Mr. Newton asked whether the NC HIE will provide claims processing services to hospitals, as this may generate cost savings/value for providers, and mentioned several initiatives where consortiums of hospitals were pooling claims processing activities in order to reduce processing expenditures. Ms. O'Connor and Mr. Hirsch asked Mr. Newton to share additional information on such initiatives to inform the Workgroup's ongoing efforts.

Ms. O'Connor asked whether Board members had questions or comments; members did not have additional comments related to the Finance Workgroup update.

Ms. O'Connor turned the floor back over to Secretary Cansler to close the meeting.

**Open Public Comment & Closing Comments**

Secretary Cansler invited members of the public to comment. No members of the public submitted comments.

The meeting was adjourned at 1:30 p.m.